

Indonesia to boost budget spending 16%

By Manuela Saragosa
in Jakarta

Indonesia's public spending will expand 16.1 per cent in the fiscal year starting in April, according to yesterday's budget, described by finance minister Ma'ruf Muhammad as designed to cool the economy without losing growth momentum.

Projected spending growth is faster than the 11 per cent programmed for the current year and higher than private-sector economists had expected, given Indonesia's high current account deficit. But Jakarta is relying on buoyant tax revenues to balance the budget.

Indonesian growth is estimated at over 7.1 per cent in calendar 1995 (7.5 per cent in 1994); inflation slipped to 8.64 per cent from 9.24 per cent in 1994, but remains high compared with some other south-east Asian countries; the current account deficit is a worry. "The challenge to Indonesia's economic stability today is an overheating of the economy," President Suharto said.

The current account deficit is running at \$7.9bn (\$5bn) in 1995-96 (about 3.8 per cent of gross domestic product). The new budget predicts imports will grow 8 per cent and exports 12 per cent (non-oil and gas exports are expected to grow 16 per cent), leading to a deficit of \$6.5bn, just over 3 per cent of GDP. The budget provides for spending of Rp90,600bn (\$25.5bn). As usual, it is balanced to avoid borrowing on the domestic market.

structure and rural development are priorities. Taxes will constitute the bulk of non-oil revenues which will make up some 70 per cent of all revenues. Oil continues to decline as a source of government income, accounting for only 6.4 per cent of revenues in the new budget against 80 per cent in the early 1980s.

Economists say imports are likely to grow faster than the government expects, leading to a wider current account deficit. With infrastructure spending a priority and foreign investment flows reaching a record in 1995, some expect import growth to be as high as 20 per cent this year.

President Suharto said he expected continued gains in tax revenues. Income tax rates were lowered at the start of last year and he noted tax earnings rose as a result, indicating "the basis of tax earnings has become broader".

Revenues from value-added tax are projected to rise 30.5 per cent. Analysts said this could mean tax rises on luxury goods are in the pipeline. Government spending on wages is budgeted to rise 19.1 per cent in fiscal 1996-97. The issue would be discussed in parliament when the draft budget is deliberated, the president said.

A significant, but declining, portion of expenditure (some 22 per cent), will be allocated to service Indonesia's foreign debt of about \$100bn. Foreign aid is targeted at Rp12,400bn, over 13 per cent of all revenues. Repayment of foreign debt would be speeded, if there was a budget surplus.

China launches interbank money market

By Peter Montagnon,
Asia Editor

China this week launched its long-awaited interbank money market designed to smooth the allocation of liquidity to the banking system and pave the way for market-oriented determination of interest rates.

Under the new system, which is being operated on a three-month trial basis by the Foreign Exchange Trading Centre in Shanghai, local banks are able to place and accept deposits of up to 120 days. Foreign banks banned from doing business in yuan are not eligible to participate.

The launch of the market has long been urged by the western agencies such as the International Monetary Fund which see the need for a proper money market as essential if China is to develop sophisticated instruments for monetary policy control.

Traditionally bank credit has been rationed rather than controlled by price. Local banks, even when they are branches of big institutions, have tended to hoard any sur-

plus cash for their own use rather than pass it on to other parts of the country, where credit is short.

But as part of their financial reforms, the authorities have been encouraging big banking groups to manage their liquidity centrally. Once teething problems related to computerisation have been sorted out, the interbank market will make this easier as well.

It will also facilitate flows of credit at uniform interest rates around the country. This should help ease bottlenecks and reduce the borrowing costs of companies starved of working capital.

The new market marks a step towards regulating a fragmented and chaotic system. Mr Zhu Xiaohua, vice-governor of the People's Bank of China, told the China Business Times. Under the scheme, the bank will publish a daily interbank offered rate based on prices set in the trading centre. A computer network will eventually link the centre with commercial banks and short-term credit offices across the country.

Japan and S Korea in chips venture

By Michiyo Nakamoto in Tokyo

Hitachi, the Japanese electronics company, and LG Semicon, a South Korean semiconductor maker, plan to invest \$130m (\$803m) in a joint venture to manufacture memory chips in Malaysia.

Hitachi's half share of the investment is the largest by a Japanese company in a semiconductor project in the region.

The new facility, which will produce the highest capacity memory chips available, highlights the growing importance of south-east Asia as a high-technology manufacturing base.

Hitachi, Japan's third largest semiconductor maker, is also in talks with Nippon Steel, which has a semiconductor manufacturing subsidiary, and the Singapore Economic Development Board, over the possibility of establishing a joint venture semiconductor plant in Singapore.

In Malaysia, Hitachi and LG Semicon plan to set up a joint venture company with capital of \$45m. The plant, to be built in Kulim Hi-Tech Industrial Park in Kedah, will begin operations in early 1998 and is expected to create 1,000 jobs. The factory will produce 16- and 64-megabit D-Rams with a monthly production capacity of

30,000 eight-inch wafers - silicon slices imprinted with the memory-chip circuitry.

Demand for 16-megabit D-Rams is expected to peak in the next few years, while demand for 64-megabit D-Rams is likely to peak around 2003.

The facility will be the first manufacturing joint venture between a Japanese and South Korean semiconductor maker.

Japanese and South Korean companies have competed intensely for predominance in the memory market. However, the high costs of development and capital investment costs, strong demand for memories from the fast expanding information and communications industries and increasingly tight supplies have forced Japanese and South Korean companies to strengthen their co-operative ties.

Hitachi's increased investment in semiconductor production follows a year in which most leading companies in the industry announced significant expansions of their production capacity.

Demand for memory chips is expected to continue growing strongly for several years on the strength of expanding information and communications markets, prompting concerns that the industry will suffer a shortage rather than a glut of memories.

IMF urges privatisation route to the renewal of reform, writes Farhan Bokhari

Pakistan bank sale is key to confidence

Pakistan is due to name a new owner for United Bank, the country's second-largest state-owned bank, later this month in an effort to improve declining confidence in the country's economy and its privatisation plans. The sale of UBL to either the Faysal Islamic Bank of Bahrain or the Saudi Bisharahil group, has been urged by the International Monetary Fund to raise Pakistan's foreign exchange reserves and reduce government debt.

A widening trade deficit during the first quarter of the fiscal year that runs to June and growing concerns over inflation - officially at 13 per cent but put by some economists at more than 20 per cent - have undermined confidence in the government's five-year-old economic reform programme.

Businessmen complain that the economy is expected to grow at a lot less than the 6 per cent forecast in the June budget. Growth in the 1994-95 fiscal year was 4.7 per cent.

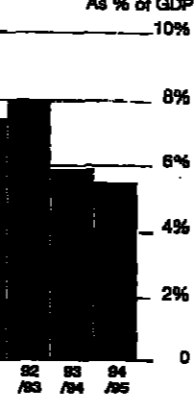
Still, the government is confident that a stabilisation programme announced in October, when the rupee was devalued by 7 per cent, domestic fuel prices were raised by the same margin and new duties slapped on imports, is beginning to

Pakistan: under pressure

Balance of payments deficit



Budgetary deficit



Benazir Bhutto

work. Since then, Pakistan has negotiated a \$600m standby loan agreement with the IMF that has helped to raise foreign exchange reserves to nearly \$2.3bn in September from \$1.2bn in October.

A bumper cotton crop this year is expected to further improve the reserves, with contracts already signed for exports worth up to \$700m during the next three to four months.

"With corrective action taken by us and reinforced by

the support of the IMF, the position has changed," said Mr V.A. Jafarey, the prime minister's adviser on finance. Exports have picked up and the balance of trade and foreign exchange reserves have stabilised.

The country's trade deficit improved to a provisional \$323m in November from \$421m in October, although the gap for the first five months was a provisional \$1.7bn, up from \$617m during the same period a year ago.

Under the terms of the recent IMF agreement, Pakistan is required to limit government borrowing from the banking system to Rs28bn (\$513m) this year and to take no more than Rs12bn out of the privatisation proceeds.

But bank borrowing is already running at Rs40bn. The government has alerted ministries that any requests for expenditures beyond this year's target will not be accepted.

The IMF wants Islamabad to use the proceeds from privatisation to retire some of its debt and lower the growing cost of debt servicing, which consumes almost 40 per cent of the national budget.

Meanwhile, businessmen are bracing for higher cost of production after the October devaluation and tax increases. "The government says that since its stabilisation measures, there has been a slight reduction in the pace of inflation, though independent economists disagree.

Mr Yusuf Shirazi, chairman of the Atlas group, the owner of Pakistan's Honda car plant, says: "[Higher] inflation would hurt every home, every shop, every village and every town. For the people as a whole the burden would be unbearable."

Other businessmen warn that the economic consequences of the troubles in Karachi would upset the government's plans to collect up to Rs265bn in taxes during the fiscal year. "With production and consumption getting hit by higher costs, sales are almost certain to fall and the ability of businesses and industry to pay taxes will be limited," said one leading businessman. "A shortfall in tax collection could raise the deficit above the target agreed with the IMF," he added.

Mr Hafeez Pasha, a former Pakistani commerce minister who is the head of Karachi University's prestigious school of business administration, said: "The conditions in Karachi have contributed to an increased perception of risk".

Many investors are anxiously waiting for the UBL sale as one confirmation that the stabilisation programme remains on track. Yesterday, however, the privatisation commission said the sale, which was due to be finalised this Sunday, was being delayed for two weeks.

For its part, the IMF has left Ms Bhutto's government in no doubt that after the setbacks of the past, it will not tolerate any slippage this time.

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RECRUITMENT

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Table with columns: Nationality of mid-rank manager, Gross salary in home country, Cost of keeping up home-country pattern of spending on consumer goods when in: United Kingdom, United States, Switzerland, Netherlands, Germany, France, Australia, Hong Kong, Singapore, South Africa.

* Gross salary in home country based on middle management position.

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because Japanese data has been late arriving. South Africa has been included in its place.

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COMPANY NEWS: UK

GKN to build first US plant

By Tim Burt

GKN, the automotive components, defence equipment and industrial services group, is today expected to announce a significant expansion of its catalytic converter operations.

secured a contract to supply Chrysler, the US motor manufacturer. Chrysler alone installs more than 2m catalytic converters on new cars and trucks each year.

per cent of its production from Cologne to the new plant in South Carolina - equivalent to some 100m units a year.

Mayflower Corporation, the engineering group, has entered into a partnership with Chrysler to produce bodies for the Plymouth Prowler, a new Chrysler sports car which is to go into production next year.

Still gold-crazy after 23 years

Mr Algy Cluff yesterday saw control of the company he founded 23 years ago slip from his grasp and he made no bones about his frustration.

Kenneth Gooding profiles Algy Cluff, whose company has been bought by Ashanti Goldfields



Algy Cluff: "The shareholders' interests are paramount"

be granted exploration licenses by the Chinese, no mean achievement. But there was no oil in the South China Sea for anyone.

Then came an abrupt change from the oil business. By chance, Mr Cluff found himself sitting at a dinner table next to Lord Barber, former Conservative chancellor of the exchequer and then chairman of Standard Chartered Bank, who had just returned from attending the independence celebrations in Zimbabwe.

Using its cash flow and the exploration team built up since 1982, the company, now renamed Cluff Resources, discovered the Freda-Rebecca deposit with its 1m ounces of gold in 1985.

Freda-Rebecca would never have become a mine without the support given to Cluff by Mr Li Ka-shing, the Hong Kong entrepreneur who first joined with Mr Cluff in the China Sea oil venture.

Ironically, it was Hutchison's decision to sell its 26.6 per cent of Cluff that ensured Ashanti's bid would be successful.

Much though he would have preferred Cluff to remain independent, "the shareholders' interests are paramount and the board could not ask them to turn down 105p to wait for a prospect that we have not even drilled yet".

Mr Cluff's business career started with the £100,000 his father, a wine shipper and part-owner of a Scotch whisky distillery, gave him to invest. He had been a guardsman - and still carries his 6ft 5in slim frame with the Grenadiers in Malaysia to good use.

Dohm, who had left Amoco to set up Transworld Oil. In the hope of getting one licence they applied for 10 - and were awarded all of them.

NEWS DIGEST

Buoyant order book lifts Druck

Druck Holdings, the USM-quoted electronic measuring devices group, reported pre-tax profits up 68 per cent from £2.6m to £4.4m in the half year to September 30.

Clerical Medical

Clerical Medical, the mutual life assurance group, said yesterday that it was considering withdrawing from Standard & Poor's rating service after being downgraded from AA- to A-.

Kong and Singapore operations

have been sold for DM6.75m (\$5m) cash, with an earn-out arrangement which could bring in a further \$200,000 during the next three years.

Brent disposals

Brent International, the speciality chemicals company, has raised more than £7.5m from disposal of non-core businesses and assets. The sell-offs are part of a programme of simplifying and focusing its activities.

Nightfreight

Nightfreight, the express parcel and freight carrier, said yesterday that it had ceased to distribute The Independent and Independent on Sunday.

Panmure Gordon delays marketmaking

Panmure Gordon, the London stockbroker owned by NationsBank of the US, is still studying whether to start marketmaking.

RESULTS

Table with columns: Company Name, Turnover (£m), Pre-tax profit (£m), EPS (p), Current dividend (p), Date of payment, Dividends corresponding dividend, Total for year, Total last year.

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COMPANY NEWS: UK

Increased bid of up to 380p a share expected to be needed for hostile offer to succeed Granada talks to Council of Forte

By Scheherazade Daneshkhah and Antonia Sharpe

Granada Group, the TV and leisure company mounting a £3.5bn (\$5bn) hostile bid for Forte, is locked in talks with the Council of Forte, the body which safeguards Forte's shares and has a majority of the voting rights.

These talks are part of Granada's review of all its options, including walking away from the bid. They are being conducted through Lazard's, Granada's financial advisers and Hambros, advisers to the council. Although it holds less than 0.1 per cent of Forte's share

capital, it is entitled to half the voting rights. Its 125,190 ordinary shares give it a majority of votes.

The talks are aimed at reaching agreement on a price for the trust shares or securing the council's neutrality with the promise of safeguarding its position. Its duties include distributing income from its shareholding to charities.

It is believed that Granada, the TV, catering and leisure group, would wish to secure an agreement before next Tuesday, the last day on which it can raise its offer.

Analysts said yesterday that Granada

would almost certainly have to increase its bid to succeed in taking over the UK's largest hotels company. One analyst said that Forte's defence, which includes the promise of an £800m share buy-back and a commitment to increase the dividend by 20 per cent for the next three years, has virtually ensured the extraction of a higher offer from Granada.

Granada is offering four new shares plus £2.25 in cash for every 15 Forte shares, worth 327p a share at last night's close. There is a fully underwritten cash alternative of 321.67p. Analysts suggested Granada would need to

increase its offer to between 350p and 380p to have a good chance of success.

Granada's shares, which go ex-dividend on Monday, rose 3½p to 653p, while Forte closed down ¼p at 342¼p.

Bankers said the £2.5bn financing which Granada had put in place prior to bidding for Forte gave it "a degree of headroom" if it wanted to increase its offer.

ABN-Amro, BZW and Chemical Bank announced recently that the three-year banking facility which they had arranged and underwritten for Granada had been heavily over-subscribed at the sub-underwriting stage.

Lloyd's corporate members becoming more like conventional insurers

By Ralph Atkins, Insurance Correspondent

Lloyd's of London corporate members are becoming increasingly like nascent insurance companies, akin to those operating outside the 300-year-old market, according to 1996 membership details released yesterday.

Nine corporate groups, including six joining this year, now control managing agencies responsible for running Lloyd's insurance syndicates. Rules on ownership of managing agencies have been relaxed, allowing underwriting expertise and capital to be brought together as in a conventional insurer.

More than £200m (\$308m) has been raised by new corporate members to support underwriting this year, see table below. This is below the £331m raised for 1995 but higher than expected given the uncertainties over Lloyd's future.

Much of the new capital has been raised from US and Bermudian insurance companies, keen to exploit Lloyd's role as an international insurance centre.

In the past three years, approximately £1.5bn has been raised by 69 corporate groups to replace funds of existing Names, individuals whose assets have traditionally supported Lloyd's. At first the emphasis was on creating "spread" vehicles which supported underwriting on a range

of Lloyd's syndicates. More recently, "dedicated" vehicles have become more popular.

Further accentuating consolidation, some 20 syndicates have ceased to trade in 1996. Such trends are likely to accelerate if Lloyd's succeeds in implementing its recovery plan this spring. Ending litigation by loss-making Names and transferring billions of old liabilities into a new reinsurance company, Equitas, would make the market more attractive to investors.

This year has seen the creation of a number of "parallel syndicates". In these cases, a single corporate member is the sole supplier of capital to a syndicate run alongside another.

Company	No. of members	Type	Capital raised £m	Allocated capacity 1996 £m	Backer	Members' agent, Lloyd's adviser or managing agent
County Down/Domoch	2	Parallel syndicates (2)	50	100	Mid Ocean	Brookbank Octavian
Terra Nova Capital	1	Dedicated vehicle	12.5	25	Terra Nova	
CNA Corporate Capital	1	Parallel syndicates (4)	12.5	25	CNA International	
SVB Underwriting	1	Dedicated vehicle	3.15	5.25		Spreckley Villers
Colham Ltd/Ockham Direct	2	Dedicated vehicle	1	2		Burnhope
Castin Westgen	1	Parallel syndicate (1)	35.5	51	Western Gen Insurance	Castin
Camperdown UK	1	Parallel synds (2)/ Spread vehicle	14.5	23	St Paul Companies	
MLC Name No.7	1	Additional corporate member for existing spread vehicle	7.5	15		Charwell Advisers
OBE Corporate	1	Parallel syndicate (1)	20.5	34.17	OBE	OBE Underwriting Agents
Lumley Underwriting	1	Dedicated vehicle	1.5	3	Edward Lumley Higgs	Bates Cunningham Stewart Syndicates
Stewart Dedicated	1	Dedicated vehicle	5	10		Wellington Members' Agency
Premium Eta/Premium Zeta	2	Additional corporate member for existing spread vehicle	15	13.91		
Millennium Underwriting	1	Dedicated vehicle	0.9	1.5		Mander Thomas & Cooper
Jago Capital	1	Dedicated vehicle	1.5	2.73		HG Jago
Plus 5 others unannounced	6		30.57	46.04		
Totals	23		201.62	367.6		

Jacques Vert falls on warning

By Neil Buckley

Shares in Jacques Vert plunged 60p to 115p yesterday after the woman's wear group announced a 73 per cent fall in interim pre-tax profits from £1.36m to £366,000 (\$564,000) and issued a profits warning for the full year.

Mr Bill Reid, chairman, said the mild autumn had hit sales in the half year to October 28 by delaying the start of purchasing of the autumn and winter collections.

Discounting by competitors had also affected ability to trade at full price in September and October, resulting in a reduction in gross margin of 3.1 per cent.

Turnover fell from £24.1m to £23.5m, and operating profit declined from £1.44m to £494,000.

Mr Reid added that continuing difficult trading conditions had led to a fall in forward orders for this year's spring/summer season of 8 per cent.

The result in the second half would also be affected by the agreement in November to convert existing wholesale business with House of Fraser, the department store group, to 50 in-store consignment.

The concessions business would in future be managed through Jacques Vert's retail division. As a result, wholesale and turnover margin that would have arisen in the rest of the year will now arise as retail turnover and margin.

The company reiterated a warning made last month that one-off costs connected with the change, including significant investment in new shop-fittings, would reduce pre-tax profits by about £750,000 for the full year.

However, Mr Reid insisted that the conversion was likely to result in an eventual improvement in group sales. Sales in future would be split almost equally between the wholesale and retail divisions, he said.

Earnings per share slumped from 9.6p to 2.7p, although the interim dividend is held at 2.25p.



Fresh exotic locations for BA's new campaign

By Diane Summers, Marketing Correspondent

British Airways yesterday unveiled a two-year £100m advertising campaign, the first worldwide campaign for BA by M&C Saatchi, the breakthrough agency set up by Mr Maurice Saatchi last year.

The first TV commercial in the campaign, aimed at business travellers, will be shown this weekend. It shows a series of day-dreams by passengers, taking in exotic locations, including the mountains of Wyoming and the Sierra Nevada desert.

In one sequence, an actor on top of a 1,500ft mountain holding up a giant dollar sign was filmed from a helicopter (above). The theme also forms part of BA's new worldwide web site on the Internet, which goes live later this month.

On the cost of producing the commercial, Mr Bob Ayling, BA chief executive, said "the going rate" for such 90-second films was £1m. "They never seem to film in Mönchengladbach," he said.

Wyoming and the Sierra Nevada desert. In one sequence, an actor on top of a 1,500ft mountain holding up a giant dollar sign was filmed from a helicopter (above). The theme also forms part of BA's new worldwide web site on the Internet, which goes live later this month.

On the cost of producing the commercial, Mr Bob Ayling, BA chief executive, said "the going rate" for such 90-second films was £1m. "They never seem to film in Mönchengladbach," he said.

MediaKey to float later this month

By Raymond Snoddy

Video Arts, the company that used John Cleese to bring humour to management training, is joining with Marshall Information, the reference book specialist, for a £20m (\$31m) flotation later this month.

A new company, MediaKey, is being created which will buy both Video Arts and Marshall. The aim is that MediaKey will be valued at £30m and will be able to develop a portfolio of training and reference titles on computer-based formats for sale to world markets.

MediaKey's chief executive will be Mr Richard Harman, former managing director of Dorling Kindersley and the architect of the development of DK's multimedia division.

Mr Harman bought Marshall Information from the Canadian Torstar Group in February. The company, which had operating profits of about £300,000

on turnover of some £5.5m in 1995, is a specialist in the packaging of reference books.

Mr Harman said yesterday: "The transaction brings together two highly successful media groups and the placing opens the way to an exciting future in electronic publishing for the group."

Ms Margaret Tree and Ms Tina Tietjen, the main managers of Video Arts, bought the company from its founders - including Mr Cleese and Sir Anthony Jay - for about £50m in 1989.

Video Arts, which has a library of 150 titles on video, made an operating profit of £3m on turnover of £12.3m in the year to September 30 1995.

However, most of the profit has been taken up by interest charges arising from the management buy-out.

Following the flotation, MediaKey aims to emerge as debt-free with funds of £4m to develop the company.

Inchcape sells HK property for £56m

By Tim Burt

Shares in Inchcape yesterday rose 8p to 261p after the international marketing and services group announced it had agreed to sell the headquarters of its Hong Kong motor distribution subsidiary for HK\$675m (£56.5m).

The company, which is pushing through a wide-ranging restructuring and cost-cutting plan, said that the disposal would result in a HK\$56m exceptional profit for 1995.

The 12-storey building at Quarry Bay on Hong Kong Island has been sold to Pacific Century Group, a holding company based in the colony, which plans to demolish the building and redevelop the site for commercial office use.

Although the sale will have no material impact on Inchcape's underlying profits, it is expected to strengthen the group's balance sheet by reducing pro-forma gearing from 64 per cent to about 55 per cent.

"Pacific Century has offered a good price and the exceptional profit will be a useful addition to the balance sheet," the company said.

Under the terms of the deal, Inchcape has already received 15 per cent of the purchase price, with the remainder payable once the deal is completed at the end of this year.

Inchcape yesterday played down the prospect of further disposals and said it did not have a large portfolio of surplus property.

Merrydown ponders a share swap

By Patrick Harverson

Merrydown is considering a share swap with the Australian company which manufactures Two Dogs, the alcoholic lemonade the Sussex cider group distributes in the UK.

However, Mr Richard Purdey, chairman, denied any deal was imminent. Responding to press reports that Merrydown was about to agree a 10 per cent share exchange with Two Dogs International, he said the group had "no present intention of entering into any such agreement" although the possibility of closer involvement between the two companies was "under review all the time".

Since its introduction last summer, Two Dogs has proved a hit among British drinkers, with strong sales helping Merrydown more than treble first half profits.

BUSINESSES FOR SALE

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

IN THE MATTER OF GENERAL ACCIDENT LINKED LIFE ASSURANCE COMPANY LIMITED

IN THE MATTER OF THE INSURANCE COMPANIES ACT 1982

Notice is hereby given in accordance with Article 16 of Schedule 26 to the Insurance Companies Act 1982 that on 20th December, 1995 an order was made by His Majesty's High Court of Justice under Part I of that Schedule transferring a Scheme providing for the transfer to General Accident Linked Life Assurance Company Limited of the whole of the long term business of the Provident Mutual Life Assurance Association, as provided by the order, the transferees pursuant to the Scheme were implemented on 14 January, 1996.

Where, in relation to any policy comprised in the business to be transferred pursuant to the Scheme, the State of the commitment is a member State or an EEA State in each case other than the United Kingdom and those expressions used respectively defined for the purposes of that Scheme and the policy holder has a right to cancel the policy as a result of the Scheme under the law of the State of the commitment, then that right may be exercised during the period of twenty one days following the date of publication of this notice and, where applicable, during such longer period as may be allowed under the law of the State of the commitment.

Dated this 4th January, 1996.
Herbert Smith
Exchange House
Pinecroft Street
London EC2A 2HS
Tel: 44(0)20 7691 2549

Solicitors for Provident Mutual Life Assurance Association

CONTRACTS & TENDERS

SALTO CAXIAS HYDROELECTRIC PROJECT

IGUAÇU RIVER
INTERNATIONAL BIDDING C-204
INTAKE HYDROMECHANICAL EQUIPMENT
CALL FOR BIDS

COMPANHIA PARANAENSE DE ENERGIA - COPEL, informs that an international bidding is open for design, manufacture, shipment, erection supervision and operation start-up of four (4) fixed-wheel gates, one (1) set of stoplogs and eight (8) sets of trashracks for the intake of Salto Caxias Powerplant, located at Capitão Leônidas Marques and Nova Praia do Iguaçu county border, in the State of Paraná - Brazil.

This lowest price type international bidding is open to individual companies or joint ventures.

The amount of costs related to this supply will be covered by COPEL's own resources.

The Bid Documents will be available to bidders from January 3rd, 1996 to March 19th, 1996, against payment in Brazilian currency of R\$ 150,000 (one hundred and fifty Reals), at the following addresses:

Superintendência de Obras de Geração
Rua Voluntários da Pátria, 233 - 5^o andar - sala 504
80020-000 - Curitiba - PR
Telephone (55-41) 322-1212 - ramal 5541
Telefax (55-41) 331-3285

or
Escritório COPEL / São Paulo
Alameda Santos, 1800 - 14^o andar - conj. 14B
01418-200 - São Paulo - SP
Telephone (55-11) 289-1431

At the time of Bid Documents purchase, all companies shall present a letter containing their complete mailing addresses.

The receipt of Pre-qualification and Bid Documents is scheduled for March 20th, 1996, at 2:00 P.M., at COPEL's office meeting room, in Curitiba, Rua Voluntários da Pátria 233, ground floor.

The Bidding will be ruled by Law n. 8666, dated June 21, 1983, with alterations introduced by Law n. 8883, dated June 8, 1994 and by other conditions stated in the Bid Documents.

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Bank of China

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Floating Rate Notes 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from January 5, 1996 to July 5, 1996 the Notes will carry an interest rate of 6.0625% per annum. The interest payable on the relevant interest payment date, July 5, 1996 will be U.S. \$20.85 per U.S. \$1,000 Note, U.S. \$206.49 per U.S. \$10,000 Note, U.S. \$3,084.93 per U.S. \$100,000 Note and U.S. \$7,662.33 per U.S. \$250,000 Note.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

TELEFÓNICA DE ESPAÑA, S.A. 1995 INTERIM DIVIDEND

The board of Directors of Telefónica de España, S.A. at its meeting held on December 20th, 1995, adopted the following resolution:

To distribute an interim dividend for the fiscal year 1995 to Telefónica shares that will be the following amount for each of the shares indicated below:

ISIN CODE	NUMBER OF SHARES	GROSS AMOUNT (PESETAS PER SHARE)	NET AMOUNT
ES0178430015	1 to 939,470,820	30.00	22.50

This payment will be carried out from January 22nd 1996 onwards, through the following entities: Banco Bilbao Vizcaya S.A., Banco Central Hispano Americano S.A., Banco Español de Crédito S.A., Banco Exterior de España S.A., Banco Santander S.A., Caja de Madrid, Caja de Ahorros y Pensiones de Barcelona "la Caixa" and Confederación Española de Cajas de Ahorro. In order to receive this payment the corresponding Certificate of Ownership, issued by the Clearing and Settlement Service (El Servicio de Compensación y Liquidación de Valores, S.A.), must be presented.

Madrid, December 20th 1995
THE BOARD OF DIRECTORS

General Motors Corporation

Further to the DIVIDEND DECLARATION 20th December 1995, Notice is now given that the following distributions will become payable on or after 20th December 1995 against presentation to the Depository (as below) of Claim Forms listing Bearers' Depository Receipts.

Gross Distribution Per Unit	146 CENTS
Less 15%	124.10 CENTS
US Withholding Tax	1.898 CENTS
Net Distribution	122.20 CENTS

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Bancarie Bank PLC
BGSS Depository Services, 9 Angel Court
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Utilities

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The Financial Times plans to publish a Survey on Franchising

on Tuesday, March 5th.

This survey will focus on areas such as research for potential franchisees, explore sources of funding available and highlights the specialist help available.

For more information, please contact
Lesley Sumner
Tel: +44 (0) 171 873 3308 Fax: +44 (0) 171 873 3064

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COMMODITIES AND AGRICULTURE

Wheat seen entering era of tight supply

By Deborah Hargreaves

The world must get used to tight grain supplies following over 20 years of surplus production...

The world market will create difficulties for developing countries which require large amounts of their food...

However, Mr Moos's views on the market are not shared by the European Union which is the world's second largest grain exporter...

Further CAP reforms were necessary before the EU can extend eastwards, according to Mr Fischer...

Mr Fischer said he hoped that in subsequent deepening of reforms of the Common Agricultural Policy...

Wood pulp market confirms 'boom-and-bust' reputation

Bernard Simon reports on a sharp price reversal

Wood pulp never fails to disappoint those who confidently predict from time to time that one of the most volatile commodities is on the verge of a new era of price stability...

International Paper, the world's biggest forest-products group, said earlier this week that severance costs and asset write-offs would wipe US\$70m...

according to the Canadian Pulp and Paper Association. The balance between supply and demand in Asia was further tilted by several big mills in Indonesia that came on stream last year.

Physical gold demand climbs to fresh record

By Kenneth Gooding, Mining Correspondent

Demand for physical gold reached a record 3,650 tonnes last year, well above the previous peak of 3,416 tonnes seen in 1992...

and other official financial institutions and a surge in the sales of borrowed gold as hedging by producers rose to its highest level ever.

Therefore the price remained within the narrowest trading range recorded - only 6 per cent of the average price - since the gold market was freed in 1983...

price is to rise, much depends on whether western speculation jumps on the bandwagon. Unless there is a sustained speculative investment accompanying any run-up in price...

when mine production remained flat. "This must reflect an expectation that producer hedging and/or central bank gold sales will continue at high enough levels to balance the market within the same kind of price range that has been seen in the past two years."

India remains at head of world consumption league

By Shiraz Sidhwa in New Delhi

India continued to be the world's largest consumer of gold in 1995, with demand for the precious metal growing by 21 per cent to 500 tonnes.

sumption are higher, including over 110 tonnes of smuggled gold, and nearly 50 tonnes of gold recycled from the domestic market.

per cent against the dollar in the last three months of 1995, pushing gold prices to an all-time high of \$36,100 per ten grammes during the festive Diwali season in November.

expansion of India's middle classes, estimated at 200m, after the government initiated economic reforms in 1991.

Gold Control Act in 1990 and opened the bullion market to imports in 1993. Indian expatriates are allowed to bring in up to 5kg of gold, on which duty is levied.

JOTTER PAD

Table with crossword clues and solutions. Clues include 'Man of authority at a court assembly', 'Quietly reckoned with inflation', etc.

CROSSWORD

No. 8,959 Set by VIXEN

Crossword grid with numbers 1-27 indicating clue positions.

Answers to crossword clues. 1 Canine language (3-5), 2 Quietly reckoned with inflation (5), etc.

COMMODITIES PRICES

BASE METALS

Table of base metal prices including Aluminum, Copper, Lead, Nickel, Zinc, and Tin.

Precious Metals continued

Table of precious metal prices including Gold, Silver, and Platinum.

GRAINS AND OIL SEEDS

Table of grain and oil seed prices including Wheat, Maize, Soybeans, and Barley.

SOFTS

Table of soft commodity prices including Cocoa, Coffee, and Sugar.

MEAT AND LIVESTOCK

Table of meat and livestock prices including Live Cattle, Pork, and Lamb.

PRECIOUS METALS

Table of precious metal prices including Gold, Silver, and Platinum.

ENERGY

Table of energy prices including Crude Oil, Natural Gas, and Heating Oil.

POTATOES

Table of potato prices.

INDEXES

Table of financial indices including Reuters, CDS, and GSCI.

VOLUME DATA

Table of volume data for various commodities.

Wool

Wool auctions are not resumed in wool producing countries...

UNLOADED GASOLINE

Table of unloaded gasoline prices.

INTERNATIONAL CAPITAL MARKETS

Strength in US underpins bullish European tone

By Richard Lapper

Most government bond markets made further gains yesterday, with the strength of the US Treasury market underpinning the bullish tone.

With their currencies benefiting from dollar strength, European high-yielding markets made most progress. Italian 10-year futures traded strongly in London reaching their highest level for more than 18 months.

GOVERNMENT BONDS

In the cash market 10-year yield spreads over Germany came down to 463 basis points, a reduction of 13 basis points on the day and more than 50 basis points over the past fortnight.

Analysts and dealers noted increased interest by US investors, including hedge funds. Mr Graham Mebarge, floor manager for Credit Lyonnais Rouse at Liffe, reported a "flush of people trying to get into the spread" and "relatively solid buying throughout the day".

Harvard University offering swells flood of new issues

By Antonia Sharpe

A \$100m three-year eurobond offering from Harvard University stood out yesterday as new issues continued to flood into the eurobond market.

Apart from a Swiss franc private placement a year ago, this was the first time the famous American university had tapped the eurobond market, said lead manager Merrill Lynch.

The bonds were priced to yield 3 basis points over US Treasuries and the spread tightened in to just 1 basis point once they were freed to trade.

WORLD BOND YIELDS

Table with columns for Country, Coupon, Maturity, Price, Yield, and Change. Includes data for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK, and US Treasury.

as Italy holds the presidency of the European Union," said Mr Kirit Shah, bond strategist at First Chicago.

The 10-year future settled at Liffe at 109.88, up 0.97 on having earlier in the day broken through 110 for the first time since the first half of 1994.

GOVERNMENT BONDS

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INTERNATIONAL BONDS

while the deal for Lloyds was for one year, exchangeable into new one-year notes. Dealers said the RBS deal aroused interest because there had been no supply of paper with such a maturity or from a double-A rated borrower for a long time.

The bonds were priced to yield 3 basis points over US Treasuries and the spread tightened in to just 1 basis point once they were freed to trade.

NEW INTERNATIONAL BOND ISSUES

Table listing bond issues with columns for Borrower, Amount, Coupon, Price, Maturity, Yield, Spread, and Book runner.

UK GILTS PRICES

Table showing UK Gilts prices with columns for Maturity, Price, Yield, and Change.

Sweden also gained ground on Germany, with the yield spread between the two countries' 10-year paper falling by 5 basis points to 228.

Hit by political worries and concern over money supply figures earlier in the week, gilts recovered some ground yesterday. As with the high-yielders this was largely on the back of currency factors with sterling gaining against the D-Mark.

At Liffe the March long gilt settled at 110 1/4, up nearly three quarters of a point, while in the cash market the 10-year spread over Germany narrowed by 6 basis points to 160. Short sterling lost some ground, with the March contract closing at 93.75, down 0.07.

Other Fixed Interest

Table listing other fixed interest instruments with columns for Name, Yield, and Change.

German bonds made further gains. At Liffe the March 10-year futures contract closed at 99.91, up 0.25. The French market too was helped by a satisfactory auction, although OATs underperformed Germany, with the 10-year yield spread widening by 3 basis points to 64.

Strength in the dollar helped US Treasury prices move higher in early trading yesterday in spite of increasing uncertainty about the prospects for a deficit-cutting budget package.

By midday, the benchmark 30-year Treasury bond was up 1/8 at 112 1/2 to yield 5.935 per cent, while at the short end the two-year note rose 1/8 at 100 1/4 to yield 5.135.

FT-Actuaries Fixed Interest Indices

Table showing FT-Actuaries Fixed Interest Indices with columns for Index, Value, and Change.

US currency was changing hands for \$106.40 and DM1.4565, compared with \$104.90 and DM 1.446 late on Wednesday.

A strong dollar benefits the bond market by encouraging foreign investors to hold US securities.

News from Washington - where Congressional Democrats and the White House continued to debate with Republican leaders how to balance the budget, was mixed.

FT-Fixed Interest Indices

Table showing FT-Fixed Interest Indices with columns for Index, Value, and Change.

Swedish government bonds were priced to yield 10 basis points over US Treasuries but the spread widened to about 12 basis points when they started to trade.

Moody's, the credit rating agency, has placed the double-A2 sovereign ceiling for foreign currency debt of New Zealand on review for a possible upgrade.

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FT-Fixed Interest Indices

Table showing FT-Fixed Interest Indices with columns for Index, Value, and Change.

Thai group to raise \$128m for railway

By William Barnes in Bangkok

The lead underwriter of the local tranche is the Siam City Credit Finance and Securities. Peregrine Fixed Income is lead underwriting the overseas portion.

Mr Olarn Chalprawat, president of the Siam Commercial Bank, Tanayong's main banker, said a few days ago that a \$1.2bn loan agreement will be signed later this month.

Czechs toughen stance on investment funds

By Jeff Lovitt in Prague

The Czech cabinet passed a draft amendment to the law on investment funds, which will introduce new obligations for funds to disclose their shareholdings and fines of up to \$100m for those who do not abide by the rules.

The amendment, proposed by Mr Ivan Kocarnik, the finance minister, also provides for the inauguration of "management funds" that would be able to acquire majority stakes in Czech companies.

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Large vertical text on the right edge of the page, possibly a sidebar or continuation of an article.

CURRENCIES AND MONEY

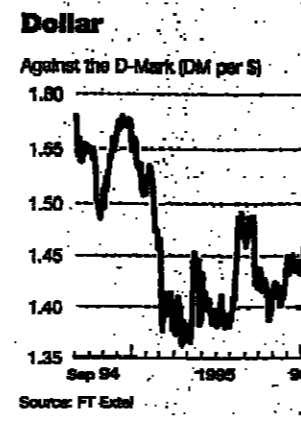
MARKETS REPORT

Dollar soars to 22 month high against the yen.

By Philip Gawth... The dollar yesterday continued its new year surge, rallying to its highest level since March 1994 against the yen...

Still bearish about the year... The dollar finished in London at \$1.0461, up from \$1.0446...

The dollar's prospects against the yen... The yen's downward trend in the trade surplus, and the rally in the Nikkei...



WORLD INTEREST RATES

Table with columns: MONEY RATES, Jan 4, One night, One month, Three months, Six months, One year, Lomb. Inter., Dis. rate, Repo rate.

EURO CURRENCY INTEREST RATES

Table with columns: Jan 4, Short term, 7 days notice, One month, Three months, Six months, One year.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Jan 4, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month, Three months, One year, Bank of England Index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Jan 4, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month, Three months, One year, J.P. Morgan Index.

OTHER CURRENCIES

Table with columns: Jan 4, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month, Three months, One year, J.P. Morgan Index.

CROSS RATES AND DERIVATIVES

Table with columns: Jan 4, Bid, Offer, DM, SF, HK, L, FI, NG, ES, Pts, SKr, Sfr, E, CS, S, Y, Eco.

EUROPEAN CURRENCY UNIT RATES

Table with columns: Jan 4, Euro rate, Rate against Euro, Change on day, % chg, % spread, Div. yield.

PHILADELPHIA SEP 6/8 OPTIONS

Table with columns: Strike, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

UK INTEREST RATES

Table with columns: Jan 4, Over-night, 7 days notice, One month, Three months, Six months, One year.

BASE LENDING RATES

Table with columns: Bank Name, Rate, %.

EURO CURRENCY INTEREST RATES

Table with columns: Jan 4, Short term, 7 days notice, One month, Three months, Six months, One year.

EURO CURRENCY INTEREST RATES

Table with columns: Jan 4, Short term, 7 days notice, One month, Three months, Six months, One year.

THREE MONTH EURO SWISS FRANCH FUTURES

Table with columns: Mar, Jun, Sep, Dec, Open, Settle, Change, High, Low, Est. vol, Open Int.

THREE MONTH EURO DOLLAR FUTURES

Table with columns: Mar, Jun, Sep, Dec, Open, Settle, Change, High, Low, Est. vol, Open Int.

THREE MONTH EURO DOLLAR FUTURES

Table with columns: Mar, Jun, Sep, Dec, Open, Settle, Change, High, Low, Est. vol, Open Int.

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THE REPUBLIC OF MAURITIUS. Floating Rate Notes due 9th April 1996.

THE REPUBLIC OF MAURITIUS. Floating Rate Notes due 9th April 1996.

THE REPUBLIC OF MAURITIUS. Floating Rate Notes due 9th April 1996.

THE REPUBLIC OF MAURITIUS. Floating Rate Notes due 9th April 1996.

Handwritten Arabic text: سوكا من الالحى

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BUILDING MATERIALS & MERCHANTS - Cont.

Table listing companies in the Building Materials & Merchants sector.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical Equipment sector.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries sector.

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods sector.

INVESTMENT TRUSTS - Cont.

Table listing investment trusts.

BANKS, MERCHANT

Table listing banks and merchant companies.

CHEMICALS

Table listing chemical companies.

BANKS, RETAIL

Table listing retail banks.

DISTRIBUTORS

Table listing distributor companies.

ENGINEERING

Table listing engineering companies.

FOOD PRODUCERS

Table listing food producer companies.

INSURANCE

Table listing insurance companies.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies.

ENGINEERING

Table listing engineering companies.

FOOD PRODUCERS

Table listing food producer companies.

INVESTMENT TRUSTS

Table listing investment trusts.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies.

ENGINEERING

Table listing engineering companies.

FOOD PRODUCERS

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INVESTMENT TRUSTS

Table listing investment trusts.

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DIVERSIFIED INDUSTRIALS

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INVESTMENT TRUSTS

Table listing investment trusts.

BUILDING & CONSTRUCTION

Table listing building and construction companies.

DIVERSIFIED INDUSTRIALS

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ENGINEERING

Table listing engineering companies.

FOOD PRODUCERS

Table listing food producer companies.

INVESTMENT TRUSTS

Table listing investment trusts.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies.

ENGINEERING

Table listing engineering companies.

FOOD PRODUCERS

Table listing food producer companies.

INVESTMENT TRUSTS

Table listing investment trusts.

BUILDING & CONSTRUCTION

Table listing building and construction companies.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies.

ENGINEERING

Table listing engineering companies.

FOOD PRODUCERS

Table listing food producer companies.

INVESTMENT TRUSTS

Table listing investment trusts.

BANKS, MERCHANT

Table listing banks and merchant companies.

DIVERSIFIED INDUSTRIALS

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Table listing investment trusts.

INV TRUSTS SPLIT CAPITAL

Table listing split capital investment trusts.

Handwritten Arabic text: "مكتبة من الاصل"

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for Name, Price, and % Change.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and % Change.

AM - Cont.

Table listing American companies with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, and % Change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Change.

RETAILERS, FOOD

Table listing food retailers with columns for Name, Price, and % Change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for Name, Price, and % Change.

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Change.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Change.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

OTHER FINANCIAL

Table listing other financial companies with columns for Name, Price, and % Change.

PROPERTY

Table listing property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Change.

WATER

Table listing water companies with columns for Name, Price, and % Change.

AIM

Table listing companies on the Alternative Investment Market (AIM) with columns for Name, Price, and % Change.

MAPPIN & WEBB advertisement featuring a Rolex watch and the text 'Can you honestly say you haven't earned one?'.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service delivered by FT Direct, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE Actuaries Share Index.

Handwritten Arabic text: 'صكنا من الاصيل'

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 678 4378 for more details.

Table listing various fund categories and individual fund names, including 'Credit Commercial Property' and 'Credit Investment Funds'.

Table listing various fund categories and individual fund names, including 'Merill Lynch Asset Management - Bond' and 'Merill Lynch Asset Management - Equity'.

Table listing various fund categories and individual fund names, including 'Almay International Assurance Ltd' and 'Royal Life International'.

Table listing various fund categories and individual fund names, including 'Royal Life International' and 'Danisco Investment Management Ltd'.

Table listing various fund categories and individual fund names, including 'Global Asset Management - Contd.' and 'Magellan Emerging Mkts Mgmt (Jersey) Ltd'.

Table listing various fund categories and individual fund names, including 'Magellan Emerging Mkts Mgmt (Jersey) Ltd' and 'Republic Funds'.

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES: This section provides detailed information regarding the funds, including their objectives, risks, and performance metrics.

LONDON STOCK EXCHANGE

MARKET REPORT

Equity market begins to look increasingly fragile

By Steve Thompson, UK Stock Market Editor

The recent surge in UK share prices, which has seen the market climb over 130 points since before Christmas, showed clear signs of running out of steam yesterday.

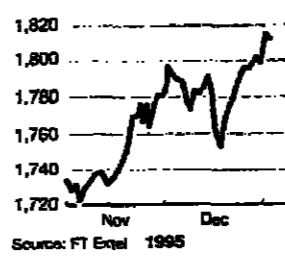
confidence of the board" had clearly unsettled the market. The FT-SE 100 index, which celebrated the overnight rise on Wall Street by moving to a fresh all-time high of 3,723.0 during the morning, subsequently struggled to maintain its poise, eventually closing a net 1.5 off at 3,714.1.

surprisingly high, reaching 735.2m at the 6pm reading, with activity in non-FT-SE 100 stocks accounting for 58 per cent of the overall total. The head of marketmaking at one of the leading UK securities houses said he expected the London market to encounter a bout of profit-taking in the short-term and said the FT-SE 100 could well fall back to the 3,650 level in the absence of any of the rumoured bids.

consolidation." After its initial rise, Footsie began to lose heart in mid-morning as none of the welter of bid rumours that drove the London market sharply better on Wednesday materialised. The takeover speculation encompassed numerous areas of the market but was especially focused on the Forte/Granada bid battle and the life assurance arena.

was proved correct after the close when the Dow surrendered all its earlier gains and posted a 26 point fall. British Steel was the best Footsie performer on the strength of steel price rises in the US, while brokers' upgrades were responsible for impressive showings by British Airways, British Aerospace and Thorn EMI. SBC Warburg helped trigger good gains in Standard Chartered and Abbey National.

FT-SE-A All-Share index



Equity shares traded

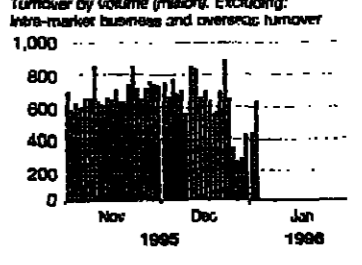


Table with 2 columns: Indices and ratios, and Best performing sectors. Indices include FT-SE 100 (3714.1, -1.5), FT-SE Mid 250 (4071.4, +17.5), FT-SE-A 350 (1845.2, +1.2), FT-SE-A All-Share (1817.55, +1.59), FT-SE-A All-Share yield (3.75, (3.79)). Best performing sectors include Electronic & Elec (+1.3), Textiles & Apparel (+1.2), Other Financial (+1.1), Paper, Polym & Print (+1.1), Transport (+1.0).

Upgrades boost Airways

The UK producer gained 6% to 188.5p, as turnover soared to 15m. Dealers were cheered by news that several US producers had lifted prices by around 3 per cent, a move seen as encouraging for the industry as a whole.

regulator last month after Lord said it was seeking broad new powers to investigate alleged anti-competitive practices. The shares have also been affected by a statement from BT's 60 per cent owned mobile phone subsidiary Cellnet, citing lower take-up of the service.

mooted recipient, still gaining 11 to 48p, London & Manchester, was caught up in the enthusiasm which focused on a possible approach from Liverpool Victoria Friendly Society, the mutual life insurer. Its shares gained 8 to 42.5p.

the second liners where Lowndes Lambert jumped 6 to 148p. Oil stocks lost some of their recent lustre as optimism over crude oil prices and political factors receded. Enterprise, believed to be in line for some 'take profits' advice from one broker, dipped 13 to 384p.

pany that can justify its present rating before we talk about demerger or takeover of the music side." The broker believes the shares are worth between 1800p and 2000p on a demerger or break-up basis. Sunderland-based brewer Vaux appreciated 8 to 278p, as talk continued that Bass is lining up a bid. Bass were also in demand and the shares closed 4 ahead at 729p.

FUTURES AND OPTIONS

Table with 2 columns: FT-SE 100 INDEX FUTURES (LIFTS) and FT-SE 100 INDEX OPTION (LIFTS). Includes columns for Open, Settle, Change, High, Low, Est. vol, and Open Int.

Telecom worries

BT shares moved back towards their three-year low achieved in mid-December as one broker repeated its caution over the company's prospects. The shares fell 4 1/2 to 345 1/2p with 14m traded.

ABN Amro Hoare Govett, traditionally a strong supporter, became more pessimistic recently. It believes the weight of regulatory pressure will weigh down on the stock for at least three months but argues that further downside in the shares is limited.

British Aerospace jumped 10 to 300p, after analysts focused on the incentive gains the group will derive from the flotation of Orange. Sentiment was helped by a recommendation from Merrill Lynch. The broker is positive on the aerospace sector as a whole but yesterday it highlighted the attractions of BAe.

Music and rentals group Thorn EMI moved ahead as broker's recommendations boosted the stock. The shares put on 50 to 489p, in trade of 1.4m. Mr Bruce Jones at Merrill Lynch believes Thorn is a "strong and well financed com-

TRADING VOLUME

Table with 2 columns: Major Stocks Yesterday and Volume. Lists stocks like Jif, ASDA Group, and others with their trading volumes.

FT GOLD MINES INDEX

Table with 2 columns: Gold Mines Index and Shares. Lists various gold mining companies and their share prices.

FINANCIAL TIMES EQUITY INDICES

Table with 2 columns: Ordinary Shares and SEAQ bargains. Shows index values for Jan 4, Jan 3, Jan 2, Dec 29, Dec 28, Dec 27, and Yr. ago.

London market data

Table with 2 columns: Rises and falls, 52 Week highs and lows, and LIFPE Equity options. Shows market statistics for the day.

FT - SE Actuaries Share Indices

Table with 2 columns: FT-SE 100, FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, and FT-SE-A All-Share Yield. Shows performance metrics for various indices.

Hourly movements

Table with 2 columns: FT-SE 100, FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share. Shows hourly price movements for the indices.

FT-SE Actuaries 350 Industry baskets

Table with 2 columns: Basket names and values. Lists industry baskets like Bldg & Constn, Pharmaco/Bio, Water, Banks, Retail, etc.

Advertisement for 'Mastering Management' program. Includes text: 'Mastering Management is a 20 week series being published in the UK edition of the Financial Times...', 'Subscribe to the Mastering Management programme and watch your business skills grow.', and a subscription form with fields for Name, Job Title, Address, Telephone, and Signature.

WORLD STOCK MARKETS

Main table of world stock markets including sections for EUROPE, ASIA, AMERICAS, OCEANIA, and AFRICA. Each section lists various stock indices and their performance.

Advertisement for Rockwell Automation. Text: 'From outer space to the factory floor Rockwell leads the way'. Includes Rockwell logo and contact information.

INDICES table showing various regional and global indices such as Nikkei, Dow Jones, and others with their respective values and changes.

US INDICES table providing detailed data for major US stock indices including the Dow Jones Industrial Average, S&P 500, and NASDAQ.

Table of specific stock prices and market activity, including sections for 'STOCKS', 'BOND', and 'COMMODITIES'.

INDEX FUTURES table listing various futures contracts such as S&P 500, Dow Jones, and other market indices with their current prices and movements.

Handwritten Arabic text: 'سكنا من الاصل' (We bought from the original).

4 pm close January 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized into columns with headers like 'High', 'Low', 'Open', 'Close', 'Change', and 'Volume'. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

BE OUR GUEST. JOLLY HOTEL DU GRAND SABLON BRUSSELS. When you stay with us in BRUSSELS stay in touch with your complimentary copy of the FINANCIAL TIMES.

Continued on next page

4 pm close January 4

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Change, and Volume. Includes sub-sections for 'Continued from previous page' and 'AMER'.

AMER COMPOSITE PRICES

Table of AMER Composite Prices with columns for Stock, High, Low, Change, and Volume.

NASDAQ NATIONAL MARKET

4 pm close January 4

Table of NASDAQ National Market with columns for Stock, High, Low, Change, and Volume. Includes sub-sections for 'Continued from previous page', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z', and 'AMER'.

Advertisement for Malta with the headline 'Have your FT hand delivered in Malta' and 'Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day.'

Table of AMER Composite Prices (continued) with columns for Stock, High, Low, Change, and Volume.

AMERICA

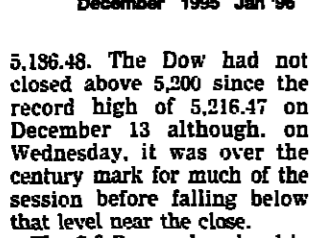
US equities volatile in early trading

US share prices were mostly lower in early trading. The Dow dropped after an early attempt to establish itself above the 5,200-point mark...

Wall Street

The Dow Jones Industrial Average shot ahead 33 points in early trading to 5,227.31 but by 1 pm it had retraced those gains...

NYSE volume



5,136.48. The Dow had not closed above 5,200 since the record high of 5,216.47 on December 13 although, on Wednesday, it was over the century mark for much of the session before falling below that level near the close.

Mexico City eases

Mexico City was weaker by mid-session as investors decided that after the substantial rises over the last few sessions it was time to take profits.

S Africa remains at peak

Johannesburg climbed further into record territory as renewed foreign demand from US and European investors reawakened the market after a quiet start.

EUROPE

More all time highs as dollar extends recovery

Once again, several bourses achieved new all-time highs. AMSTERDAM finally made it through the 500 level, the AEX index closing with a rise of 1.69 to 501.10.

The main winners were leading multi-nationals such as Unilever, which gathered F1.3 at F1234.50, and Phillips, F1.40 firmer at F162.90. Dealers said that the electronics group had also found favour with investors...

ASIA PACIFIC

Nikkei returns, catches upbeat mood with 3.8% gain

Tokyo

Equities caught up with the mood elsewhere on the first day of trading for the year and the Nikkei average finished the half day session up 3.8 per cent, writes Emilio Tarazono in Tokyo.

The 225 index rose 748.26 to 20,618.00, the highest level since September 1994, moving between 19,945.68 and 20,647.90 on buying by overseas investors and brokerage dealers.

Bankers featured a SF9 rise to SF11.277 in UBS as BK Vision, the investment company, said that it had not yet decided whether to appeal against a judge's decision rejecting its request for a special audit of its old adversary.

MADRID, DUBLIN and OSLO were the other three all time highs, achieved in a variety of ways. A 3.1 per cent gain in Spanish construction stocks, with the formerly troubled Huarte up Ptas5, or 11 per cent at Ptas55, was instrumental in a general index rise of 39.03; Irish brokers reported strong overseas buying as the ISEQ general index rose 20.00 to 2,290.45; but Norway relied on a catch-up effect in Norsk Hydro, a 1996 laggard, which rose another Nkr3.50 yesterday to Nkr282 as the total index

Roundup

Regional markets experienced a day of stark contrasts. BANGKOK closed at a five-month high, helped by a flood of foreign fund buying. The SET index made 37.14 or 2.8 per cent to 1,360.57 in turnover of B22.8bn. Gainers led losses by 252 to 123 and banks led the advance with a sector gain of 5 per cent. Krung Thai leapt Bk10 to Bk18, Bangkok Bank Bk5 to Bk22, and Thai Farmers Bank Bk7 to Bk16.

FT-SE Actuaries Share Indices

Table with columns for Date, Hourly changes, and various share indices (FT-SE 100, FT-SE 250, etc.) for Jan 4, 1996.

closed DM12 higher at DM562, after touching DM564 on the proposition that it could sell its 48 per cent of a pooled, 37 per cent Degussa stake for up to DM700m. Continental and BMW rose 33 pct to DM20.80, and DM11 to DM781, respectively, the latter after it said that car sales were up 3 per cent in 1995.

Pacific Basin

Stocks were among the major losers; investors believed that these companies could be hit hardest by the economic slowdown. The chemical industry sub-index fell 4.7 per cent and the steel industry's index lost 4.9 per cent.

THE EUROPEAN SERIES

Table with columns for Date, Hourly changes, and various European share indices (FT-SE 100, FT-SE 250, etc.) for Jan 4, 1996.

another 50 cents to HK\$29. SHANGHAI's hard currency B index ended 4.7 per cent higher; investor confidence was revived by Tuesday's release of China's first set of national B share rules. The index rose 2.302 to 51.529. The A index rose 16.490 or 2.9 per cent to 577.05.

Investors

This week's Investors Chronicle comes with a 24-page special report to help you spot the hidden costs and pitfalls of even the safest looking investment products. Entitled 'Savings Traps', this essential guide provides a detailed look at what the banks, building societies, investment groups, insurance companies and brokers are really up to.

There was also a small measure of disappointment that the Bank of France had not made any change in the repo rate.

Renault advanced FF2.10 to FF151.50, as rumours resurfaced that the vehicle manufacturer had been selling a part of its stake in Volvo of Sweden. Both groups retained substantial cross-holdings in spite of a failed merger over two years ago.

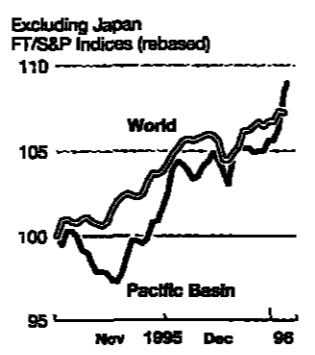
The most active issue was Cukurova Elektrik, the utility, which accounted for almost 35 per cent of total volume and fell TL4,500 to TL42,000.

WARSAW made its third consecutive gain, and some chartists said that they now expected the market to test the 8,200 and 8,300 level. The Wig index rose 1.7 per cent to 7,980.1 as turnover rose 40 per cent to 64.6m zlotys.

Analysts said that equities were continuing a gradual rebound after a loss of 3.5 per cent in late December when the prime minister was accused of allegedly spying for Russia.

Written and edited by William Cochrane, Michael Morgan and John Pitt

World



Source: FT East

Advertisement for 'THE BIG STORIES ABOUT THE SMALL PRINT' featuring 'INVESTORS CHRONICLE THE CITY INSIDE OUT'. Includes text about investment traps and a small image of the publication cover.

Table titled 'FT/S&P ACTUARIES WORLD INDICES' showing regional and national market data for Wednesday January 3 1996 and Tuesday January 2 1996. Columns include Country, Index, % Change, and other metrics.

CAPITAL MARKETS - POLAND

Our client, a leading global bank with a network of offices throughout Central and Eastern Europe, is in the process of establishing a capital markets operation to complement its existing corporate banking representation in Warsaw. We are looking to recruit three exceptional people, ideally in their late 20s to mid 30s, who possess the drive and determination to develop the bank's capabilities in the equity and fixed income markets as follows:

SENIOR ANALYST - EQUITY RESEARCH

The Position:

- To build a client-orientated equity research capability for the bank in Warsaw focused primarily on analysing the top Polish corporates together with various investment projects.
- To market this equity research product, incorporating definitive investment views, to a growing institutional client base.

The Candidate:

- Self-starter, degree/MBA qualified, possessing a minimum of two years' Polish equity analysis experience, focused primarily on fundamental analysis, gained from a banking, fund management or management consultancy background.
- Fluent in English and Polish - preferably of Polish nationality.
- Strong interpersonal skills and the ability to lead by example.

Ref: 2174



EURO AND DOMESTIC FIXED INCOME ORIGINATION SPECIALIST

The Position:

- To originate structured fixed income transactions for Poland incorporating convertibles, local currency swaps and options for private placement purposes.
- To originate plain vanilla bond and money market public issues.
- To enhance an integrated approach to clients in conjunction with the bank's corporate banking and structured finance departments.

The Candidate:

- Degree qualified, possessing a minimum of two years' experience of originating bond/money market public issues in the Polish market, gained from working in a leading investment bank.
- Fluent in English and Polish - preferably of Polish nationality.
- Innovative self-starter with the ability to work to tight deadlines.

Ref: 2175

All three positions provide highly competitive salary and benefits packages, including significant bonus potential. For the right individuals, career prospects within this leading global bank, with a strong commitment to the emerging markets, are considerable.

SALES TRADER - ZLOTY DENOMINATED SHORT-TERM PAPER

The Position:

- To sell T-Bills, money market and FX instruments (both plain vanilla and structured) to an international client base.
- To sell the above instruments, in addition, to a domestic client base.
- To work closely with the bank's treasury and corporate banking account managers.

The Candidate:

- Minimum of eighteen months' sales experience to a developed international client base.
- Fluent in English and Polish - preferably of Polish nationality.
- Some prior experience in the use of swaps and/or other derivative instruments.

Ref: 2176

To apply, please telephone or write to Neil Salt, Salt Chapman Associates, International Search and Selection, 41 Dover Street, London W1X 3DB. Tel: 44-(0)171-493 1319. Fax: 44-(0)171-493 0835

Program and Budget Officer

The World Bank, the leading multilateral lending agency in the field of global economics, has a challenging opportunity for a Program and Budget Officer at its Headquarters in Washington, DC, USA.

Responsibilities of the position include:

- Reviewing expenditures and work programs to provide input in budget preparation and monitoring
- Examining the impact of proposals for changes in policies covering staff benefits and administrative and personnel services
- Undertaking studies of financial management issues related to efficiency and effectiveness, and cost and expenditure patterns
- Providing advice to internal client units on matters of budget policy and management

The successful candidate must have:

- Advanced degree in management or finance with specialization in management accounting or employee benefits
- Experience in employee benefits and a broad financial background
- Ability to work effectively in a team interacting with clients
- Strong analytical and evaluation skills and ability to conduct independent research and formulate recommendations

The position also requires excellent interpersonal and communication skills including proficiency in written and spoken English.

The World Bank offers an internationally competitive compensation package including expatriate benefits. Candidates interested in applying should, within 14 days, send resume or CV, indicating position code, to: FAX (202) 477-1831, or E-mail: WROSCRE@MAILS@worldbank.org or write to: The World Bank, Staffing Center (Code: PBD/BS), Room 0-4137, 1818 H Street, NW, Washington, DC 20433 USA.



ACCOUNTANCY APPOINTMENTS

Oxford

Our client is a US owned diversified manufacturer with worldwide operations and turnover of around \$570 million. The European operations are in the UK, Ireland, France, Germany, Italy, Spain and Scandinavia. The European Internal Audit Manager is responsible for planning and reviewing the financial, operational and EDP audits of the European operating subsidiaries. He/she will also assist with the preparation of local statutory accounts and tax computations. The position reports to the Internal Audit Manager in the US and has one direct report in the UK. The European Internal Audit Manager also works closely with the European Treasurer. Candidates for this position will be Chartered

£45k package + car

Accountants working in the profession or as an internal auditor in industry or commerce. You will be conversant in French and German and be willing to travel. A proactive approach, good organisational skills and the ability to contribute to the efficient financial management of the company are important attributes. The role offers excellent career potential. To explore this opportunity in more detail, please send a comprehensive CV including current salary details and quoting reference number 3496 to Frances A Bell, Touche Ross Selection and Search, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.



MANAGEMENT CONSULTANTS

Operational Auditor

Substantial International plc

c.£35,000 + Car & Benefits North West

Influential role within established but evolving operational review function. Potential to head up the function within a short period due to internal promotion.

THE COMPANY

- Significant UK plc with multisite manufacturing, retail and distribution operations worldwide.
- Turnover £600m. Profitable and expanding. Highly autonomous business units.

THE POSITION

- Identify major issues amongst operating units and present solutions.
- Emphasis on cashflow management. Significant project work and travel throughout the UK and overseas.
- Build and maintain excellent relationships internally at senior level and with external auditors.

QUALIFICATIONS

- Qualified Accountant, aged 28-35. Background in the profession or industry. Audit experience essential.
- Previous exposure to sizeable international organisations, ideally in manufacturing/retail. Background in project work.
- Motivated self-starter. Able to run key function within the Group and to progress. Computer literacy essential.
- Credible at senior management and Board level. Detail conscious yet able to see the wider picture.

Please send full CV, stating salary, ref IYP2539, to NBS, Prospect House, 32 Sovereign Street, Leeds LS1 4BJ



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Manchester - Slough - Madrid - Paris

Finance Professionals

£40,000 + Benefits London

BTEC is a national awarding body for vocational education and training qualifications, including NVQs and GNVQs, and has recently merged with the University of London Examination and Assessment Council to extend its remit to include academic qualifications. This has doubled turnover to £50m+ and is one of a number of initiatives to drive the business forward in a rapidly changing and highly competitive market place. Recently privatised, BTEC is well placed to capitalise on its pre-eminent market position, with funds available for growth beyond its traditional markets.

Financial Controller

THE POSITION Ref SP5016
Broad responsibility for financial control/external reporting.
Lead integration of BTEC/ULEAC finance functions, motivating staff and upgrading systems/procedures.
Excellent longer-term career prospects, working closely with Finance Director on further commercialisation of organisation.

QUALIFICATIONS
Bright, graduate accountant, preferably ACA. At least 5 years' PQE, including line finance role in service sector.
Strong technical skills, backed by first-rate staff management skills. Enthusiastic agent of change.
Robust yet diplomatic approach. Self-starter, excellent communicator.

Head of Management Accounts

THE POSITION Ref SP5017
Responsibility for creation of management accounting function, designing systems/procedures to provide commercially-focused management information. Introduce activity-based costing.
Lead budgeting/forecasting process across restructured organisation. Wide-ranging contact with business managers.
Champion improved financial performance. Involvement in ad hoc project appraisal.

QUALIFICATIONS
Graduate, qualified accountant. At least 5 years' PQE. Knowledge of activity costing gained in services or manufacturing essential.
Hands-on team player. Drive and vision to establish department from clean-sheet start.
Self-motivating, supportive and open management style. Credible at all levels across organisation.

Please send full CV, stating salary, quoting relevant reference, to NBS, 7 Shaftesbury Court, Chalvey Park, Slough SL1 2ER



NBS SELECTION LTD
an NBS Resources plc company



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Manchester - Slough - Madrid - Paris

My client is an international lending Tele-communication and Information Company. The continuous growth of the company is the challenge of tomorrow. The given environment creates an outstanding opportunity for an ambitious

Corporate Accountant

The requirement is for an ACA, ACCA or CIMA with two to four years post qualification experience in an international company - preferably in a similar function in Finance and Controlling or with an international Audit Company.

YOU are a 'generalist' with sound experience in the consolidation of companies financial statements, financial analysis and in preparing financial statements to accordance with IAS.

YOU are looking to join a dynamic young team and bring with you excellent communication skills and familiarity with commonly used PC software.

AS YOUR place of work would be in the area of Bonn - Köln/Germany, competence in the German language is expected. Please send your CV, quoting current salary to...

CC

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MANAGEMENT

Roger Matthews on an ambitious programme to empower blacks in the railway industry

South African engine of change

Few industries internationally have been more bound by tradition than railways. Son followed father, promotion depended on length of service, jobs were rigidly defined, overstaffing was endemic, and hierarchies stubbornly resistant to change.

South African railways were no different, but with the important added ingredient of the apartheid system, which dictated that management was almost exclusively reserved for whites, and the least skilled jobs for blacks. As one long-serving manager says: "I have to admit that many of my colleagues saw themselves as the guardians of apartheid, not least because it was a guarantor of their jobs, and those of their children in the years ahead."

The commercial writing was already on the wall for South African railways with the onset of recession at the end of the 1980s which led to a sharp decline in business and greater losses. But it was to be matched, and then exceeded, by the pace of political change, culminating in the 1994 general election which brought the African National Congress to power.

The combination of these commercial and political pressures has forced unprecedented changes on the industry, and mirrors the challenges faced by South Africa as it re-enters the world economy.

The commercial part of the process was launched in 1990 when the Nationalist Party government reorganised the transport sector. Transnet was established as the company with overall responsibility for the state-owned transport sector,

and the railways, renamed Spoornet, became one of its operating subsidiaries. The aim was to eliminate losses, improve efficiency and deliver a service to customers which would meet the challenge of road haulage. There was also a desire to bring more blacks into management, in anticipation of the political changes still to come.

To that has now to be added the new government's programme for the restructuring of the state sector, of which the hotly debated issue of privatisation is part. Stella Sigcau, the minister of state enterprises, is among those senior ANC members who strongly believe that black empowerment must be a central part of that process.

This argument has been given added force by the impact that the reorganisation of Spoornet has already had on the labour force, with total employment having fallen from 162,000 to 66,000 in the past six years. Inevitably, black

workers have suffered most from the loss of jobs. Spoornet, which derives 88 per cent of its business from long-haul freight and just 2 per cent from passenger services, may have turned the financial corner with profits last year of R734m (£130m), but the racial composition of management has been slower to change.

Anton Verwey, the deputy head of human resource development at Spoornet, says that the issue of black empowerment must be seen within the overall commercialisation process, but admits that the targets set by the company are a reflection of the demographic composition of the country. In particular, the targets have been set to conform to the objectives outlined by the Black Management Forum, an organisation of black entrepreneurs whose recommendations have been broadly accepted by government.

If achieved, this would mean that

by the end of 2000, blacks employed by Spoornet would form 80 per cent of all trainees, 70 per cent of supervisors, 50 per cent of junior managers, 40 per cent of middle managers, 30 per cent of senior managers and 20 per cent of executive directors. Put another way, the overall composition of Spoornet's workforce would be 70 per cent black, which includes mixed race and Indians, and just 30 per cent white.

To move towards this objective Spoornet has adopted a 13-point human resources plan, which has at its core a commitment to appoint two blacks for every white, and to promote from within wherever possible. Evaluations are based on competence, rather than on formal qualifications and experience. This is supplemented by the most ambitious training programme within the state sector. During a 12-month period over 500 people will attend an intensive two-week course designed specifically for Spoornet



By the end of 2000, the Spoornet workforce aims to be 70 per cent black

by the US consultants, Mercer Management Consulting, and aimed initially at experienced whites and new entry non-whites at middle management levels and above.

At the technical level, a computer-based business game has four teams competing against each other

for business as they absorb the fundamentals of railway management, including planning, marketing and operations. At a personal level it means putting together long-established white managers, who often feel they have little new to learn, with new black entrants who may

have only been with Spoornet for a few months. Mercer executives, and the 15 Spoornet staff they have trained to oversee the programme, admit that entrenched racial attitudes are sometimes hard to overcome, but that there are also cheering examples of individuals acknowledging the skills and personal qualities of people with whom previously they would have had no professional or social contact.

The other key aim of the programme, according to Verwey, is to instil in new entrants a deep affection for the industry. "There is huge competition in South Africa today for really capable people, so not only do we have to attract and train them, but also we have to keep them. We are hoping to make them fall in love with railways and keep alive the old belief that the railways is a job forever, something they join for life," he said.

Motivating middle-aged, middle-ranking white staff to believe they still have a promising future in Spoornet is no less of a problem. Their prospects for advancement have all too obviously been reduced, both by the need to streamline the industry and the emphasis that has been put on promoting relatively inexperienced members of the black community.

Critics of the programme argue that Spoornet is attempting to tackle too many issues simultaneously, by forcing the pace of black empowerment while trying to become a more profit-oriented business. They might also reflect that is the challenge which no less faces South Africa as a nation.

During the late 1980s, the term globalisation emerged as a fad in management jargon. Business people, gurus, journalists, government officials and academics readily adopted the word into their daily vocabulary. But to what extent have big companies really become "global"?

Despite differing interpretations of what globalisation means, many people have come to accept globalisation as an emerging or even established reality.

However, in *The Logic of International Restructuring*, I and my co-author Rob van Tulder of the Erasmus University Rotterdam challenge this view and argue that none of the world's largest companies in 1993 could truly be called "global". Champions of the globalisation thesis tend to overstate a company's degree of freedom and underestimate the importance of a company's domestic environment in the internationalisation process. In most cases, a well-organised supply base, stable industrial relations and close links to a national government significantly reduce a company's propensity to internationalise.

In our assessment of the internationalisation of the world's 100 largest companies in 1993 (based on the Fortune Global 500 list) firms were found to have made most progress internationalising sales. More than 40 companies generated at least half their sales in foreign markets.

To many companies, selling abroad primarily means exporting – the dominant mode of internationalisation for centuries. The internationalisation of production has been much less impressive. For instance, while Daimler-Benz and British Aerospace generated 57 and 65 per cent of sales abroad respectively in 1993, they kept only 19 and 18 per cent of their assets abroad. In 1993, only 18 companies maintained the majority of their assets abroad: Nestlé, Royal Dutch/Shell and ABB did, while Ford, Hewlett-Packard and Sony did not.

The internationalisation of shares

in 1993 was even more limited, suggesting that most large companies still consider that financial security is best warranted at home.

German companies such as Bayer and Hoechst displayed significantly higher levels of internationalisation here, however. This may seem surprising, since stock exchanges and shareholdings play a smaller role in Germany than in, for instance, the UK or the US, and the links of German companies with long-term capital providers could be expected to reduce rather than increase their urge to internationalise shares.

However, German companies are often listed on stock exchanges in neighbouring German-speaking countries.

Finally, the composition of top management boards largely remains a national concern. Of the 30 US companies listed, only five (Philip Morris, Du Pont, Chrysler,

Johnson & Johnson and United Technologies) had a foreigner on their executive boards.

National patterns provided interesting results. For instance, US companies displayed relatively high levels of internationalisation in the financial sphere, reflecting a more antagonistic bargaining arena between manufacturers and financial institutions at home. Japanese companies in 1993 trailed the levels of internationalisation shown by their US and European competitors.

On average, large companies originating from small countries showed the highest degree of internationalisation in every functional area of management. These companies had to escape from small domestic markets and supplier bases early on. Thus, big companies from Switzerland (Nestlé and Ciba-Geigy), Sweden (Volvo and Electrolux) and the Netherlands (Philips)

have been internationalising for many years. The same is true for companies with bi-national ownership such as Royal Dutch/Shell and Unilever (both Anglo-Dutch) and ABB (Swedish/Swiss). Only for these companies, foreign sales and foreign assets percentages tend to converge at very high levels of internationalisation.

"Borderless" companies are rare and the nationality of a company continues to be significant. For instance, both Ford and Toyota claim they are in a globalisation process but their behaviour differs widely, based on different domestic circumstances. Ford aims to establish a worldwide division of labour exploiting comparative advantages and economies of scale.

As early as the 1970s, Ford tried to launch a "world car", assuming converging consumer tastes which

would make it possible to sell the same car all around the world. Although this first attempt failed, the *Mondeo* model represents another attempt to market one model in all developed markets. Toyota, on the other hand, abandoned the world car concept in its 1986 annual report. Rather than striving for a dispersed division of labour, Toyota is seeking to concentrate production in North America and Europe, and trying to emulate in the US and the UK its model of close interaction with suppliers, workers, dealers and governments, which it successfully developed at home.

The nationality of a company also matters in another respect. Among the top 100 virtually all appeared to have sought and gained from industrial and/or trade policies at some point. At least 20 companies in the 1993 Fortune top 100 would not have

survived as independent companies if they had not been saved in some way by their governments.

If the global and footnote firm as yet does not exist, why is this image so omnipresent? One answer may be that the word globalisation contains very strong rhetorical overtones; it suggests a quantum leap beyond previous stages of internationalisation, promising a better tomorrow. A second answer may be that the globalisation thesis provides big companies with a major bargaining chip in their negotiations with suppliers, organised labour and governments.

Ultimately, the image of globalisation could help to keep decision-making power at the corporate level. As former US president John F. Kennedy once stated: "The great enemy of truth is very often not the lie – deliberate, contrived and dishonest – but the myth – persistent, persuasive and unrealistic."

**The Logic of International Restructuring*, Routledge, £13.99.

The author is a visiting researcher at Warwick Business School.

Why nationality is still important

None of the world's companies is truly 'global', argues Winfried Ruigrok

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COMMENT & ANALYSIS

Forecasting the outlook for the French economy this year is no easy matter...

No pain, no gain

Didier Maillard forecasts difficulties for France unless structural reforms are tackled

Economic outlook table with columns for 1993, 1994, 1995, 1996 and rows for GDP, Private consumption, Business fixed investment, Inflation, Current account.



investment prospects in manufacturing, forecasts to rise 13 per cent in nominal terms this year...

problems would improve France's long-term prospects, even if it creates short-term disruption to the economy.

France can be seen as in the midst of a transition between two economic systems. The old system was to a certain extent a command and control one.

East European countries and Japan have been through similar transitions, and the results are likely to be significant costs in the form of output losses over several years.

The Maastricht day of judgment will come some time early in 1998, when the decision is made on which European countries have fulfilled the criteria for joining the economic and monetary union.

Strong growth would undoubtedly help in pushing through structural reforms, especially in providing alternative employment for those whose jobs are displaced.

The challenge for French policymakers is therefore to downplay the expectations of quick-fix solutions derived from the prospects of high growth.

The author is chief economist, Banque Paribas

Last year was a very difficult one for Japan. Already the fourth year of prolonged recession...

recession, it started with a too strong yen and depressed asset markets. But the situation was aggravated by the Kobe earthquake...

Yet it may not be easy to sustain even this meagre recovery. A number of problem areas call for close observation in 1996 and beyond.

First, economic policymakers have few instruments left at their disposal for further stimulating growth. Interest rates are at a record low...

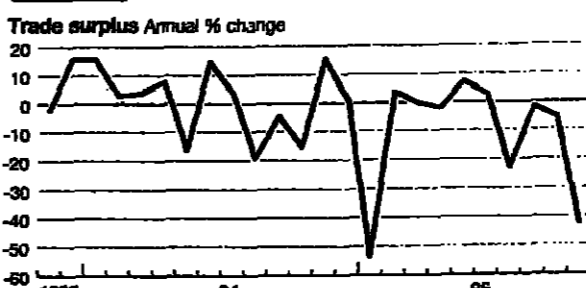
Second, many industrialists seem to be continuing to shift their operations out of Japan - despite the recent weakening of the yen.

Third, the traditional approach of Japanese regulators and bankers to problem loans - waiting for the next business upswing with minimal writing-off - is no longer

sufficient given the length of the recession. Comprehensive, publicly funded plans have already been discussed to rescue failing smaller banks and housing loan companies.

On the brink of bigger role

Shijuro Ogata suggests Japan's economy may have peaked as it becomes more international



country's difficulties, especially bureaucratic rivalry and inflexibility. After the postwar dominance of the Liberal Democratic party was broken in 1993...

There is a common thread to these problems. Japan is becoming economically and politically more international.

Further, the bureaucrats are now demoralised by their policy mistakes and the revelation of scandals. Even the reorganisation of the Ministry of Finance - traditionally the supreme bureaucratic power - is now openly debated.

Fifth, Japan's political leaders are preoccupied by the Lower House elections due in the next 18 months. These will be held under a new electoral system which combines single-seat constituencies and proportional representation...

The author is senior adviser, Yamaichi Securities



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LETTERS TO THE EDITOR. Number One Southwark Bridge, London SE1 9HL. We are keen to encourage letters from readers around the world...

Russia playing political game and getting it right

From Mr Robert Devane. Sir, President Boris Yeltsin's instructions to prime minister Victor Chernomyrdin to purge "saboteurs" from the economics and finance ministries...

One-sided

From Ms Joia Shillingford. Sir, Why no comments from women on the business challenges of 1996 and on helpful books? Could the author(s) of "Big ideas, big books" (January 2) not think of one top female in the English speaking world who reads business books?

Crucial question on bank independence

From Mr John Crow. Sir, Gerald Holtam's sally against central bank independence (Letters, December 21) in response to your report on the recent New Zealand experience ("Push and pull of NZ experience", December 19) glosses over the crucial question. He observes that "One day they [New Zealand exporters] will rediscover the truth that all the instruments and policy should be co-ordinated in restraint of inflation..."

Complacency can also be a threat to democracy

From Ms Karin Dubsy. Sir, Philippa Rann's letter on democracy (January 2) states that there are powerful forces to undermine democracies from within. While an increasing gap between rich and poor may indeed be one reason, could public complacency be another? It seems though a lack of vigilance besets people, once its members believe a working system - eg, democracy - has been achieved. This would be the same whether it is a small group or a whole country. Indeed, it is important that we test the limits of EU democracy too. If not, we may well lose many of the democratic intentions heralded in the Maastricht treaty. Take the recent Environment Minister Council of December 18 in Brussels. This was to be an "open council" on coastal zone management. In fact, the public was confined to earphones and viewing of a round of prepared ministerial statements on TV screens in a separate room. Once the actual debate started, the earphones were silenced. Regarding Ms Rann's contention that no non-Protestant society has sustained democracy for 70 years, I suspect you will get a number of objections. To put in mine (despite being flattered by the idea of my religion being a pillar of democracy), the country I was brought up in and regard as home is Ireland, which by no stretch of the imagination could be called Protestant. It celebrates 74 years of democracy and from first hand experience that democracy is not showing any signs of senescence. Karin Dubsy, Coastwatch Europe Network, ESU - 187, Fearse Street, Trinity College Dublin, Dublin 2, Ireland



Fellow US Republicans attack majority leader's plan to end crisis

Dole accused on budget impasse

By Jurek Martin in Washington
Conservative Republicans are using Senator Bob Dole's determination to end the three-week US government shutdown as a lever to prise loose the majority leader's grip on the Republican party's presidential nomination.

mean that the talks had irrevocably broken down and they could be resumed today. However, the hardline House of Representatives, which on Wednesday refused even to consider the temporary back-to-work motion unanimously passed by the Senate, was considering voting itself into recess until January 23.

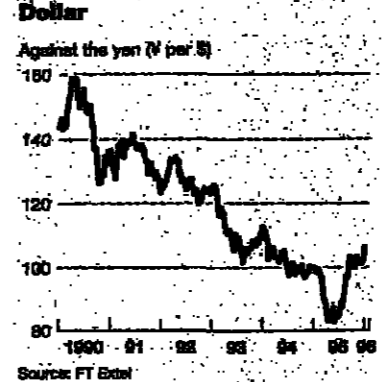
believe people ought to work if they're paid," he said. "There are not many rich people working for the federal government, they have mortgages to pay, vacations to plan."

None of Mr Dole's challengers for the Republican nomination scored in double figures in the poll, against his 45 per cent, which perhaps explains why they are using his preference for accommodation against him in a last ditch attempt to derail his handbagging.

THE LEX COLUMN

Bucking the trend

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So far, the dollar's rally - to its highest level against the yen in almost two years - has been driven by yen weakness. This is because Japan's large current account and trade surpluses with the US, the traditional reason for the yen's appreciation, are starting to shrink.

German television
A crack appeared in the closed world of German television yesterday, with Rewe, Germany's biggest food retailer, acquiring 40 per cent of Pro-7, the country's fastest growing cable channel.

Tokyo surge

Continued from Page 1
The dollar's strength, allied to hopes of interest rate cuts in Europe, has lifted shares across the globe this week. Ten national bourses reached intra-day or closing all-time highs on Wednesday.

Swedish pop industry on song as the money rolls in

Bands of nineties build on Abba's record of success

By Hugh Carnegie in Stockholm
Twenty years after Abba's success, Swedish bands are again earning money, money, money. The huge numbers of records they shift worldwide are out of all proportion to the small size of the country.

He knows that Swedish songwriters earned SKR63.5m in 1994 in authors' performance fees outside Sweden. To that must be added record royalties, publishers' income, record producers' income, live performance earnings and other incomes. To date, no one has collected these.

Sweden's success appears to have been built on a strong local musical tradition, blended with rich immigrant influences and an unusual openness to English-language culture. All the Swedish international success stories - from Abba to Ace of Base - have written original songs in fluent English.

Chief sacked

Continued from Page 1
push for an alternative to the current quote-driven trading system that relies on firms of marketmakers posting offers to buy and sell shares on the Seaq electronic bulletin board.

Called Happy Nation in most markets, it has sold more than 19m copies worldwide, according to the group's label, Mega Records. It is the most notable of a number of groups who have emerged in the last few years to take up Abba's mantle.

In the past few years, a number of Swedish groups have made big international breakthroughs. Roxette is a man-woman rock duo whose last album, Joyride, has sold more than 10m copies.

Acquisitions Monthly presents A MAJOR NEW CONFERENCE ON Acquiring in Asia The M&A market of the future 22 and 23 February 1996 London Marriott Hotel Grosvenor Square, London W1

FT WEATHER GUIDE Europe today Most of southern Scandinavia will be settled with a mixture of sun and cloud but the extreme south will be cloudy. The south-west coast of Norway and the east coast of England will have near gale force winds.

Handwritten Arabic text: مكتبة من الاصل